

“Recommendation: Homeland security assistance should be based strictly on an assessment of risks and vulnerabilities. Now, in 2004, Washington, D.C., and New York City are certainly at the top of any such list. We understand the contention that every state and city needs to have some minimum infrastructure for emergency response. But Federal homeland security assistance should not remain a program for general revenue sharing. It should supplement state and local resources based on the risks or vulnerabilities that merit additional support. Congress should not use this money as a pork barrel.

– 9/11 Commission Report, page 396

Generous Federal Support for Preparedness & Disaster Assistance Grants since 9/11.

- Following 9/11, Congress has poured over \$10 billion¹ into state and local preparedness grants with no process in place to insure grant dollars are going to areas of critical threat and vulnerability.

Preparedness & Disaster Assistance Grants in S.4.

- S. 4, the Improving America’s Security Act of 2007, authorizes over \$3 billion a year for the next three years (and such sums as determined necessary each year thereafter) in homeland security disaster preparedness and interoperability grants.
- S.4 contains comprehensive auditing provisions authored by Sen. Coburn during the Senate committee mark-up process in response to an onslaught of scandals, inspector general and Governmental Accountability Office (GAO) findings and press reports about financial improprieties using preparedness and disaster grant funds, including funding going to yoga classes, puppet shows, credit card fraud, football tickets, divorce lawyers, sex change operations, and more. Dr. Coburn’s audit requirements in S.4 extend to preparedness grant programs, not public assistance administered under the Stafford Act.

Just How Prepared Are We? Why Accountability in Homeland Security Grants is Needed Now.

- **Hardly any oversight since 9/11:** The office at the Department of Homeland Security (the Grants and Training office) that administers over 80 varieties of homeland security grants also has responsibility for all grant oversight, programmatic and financial, and is responsible for sending any suspicious findings along to the department’s inspector general (IG) for follow-up. That office is currently staffed with only 9 people working to oversee and administer those 80 DHS grant programs (including the disaster preparedness grants addressed in this bill), and that office had made a total of **one** referral to the DHS OIG for audit follow-up over the past five years.
- **Recent audit of state demonstrates gaping need for oversight:** In the past five years, the DHS IG has only completed 2 audits of states’ usage of disaster assistance grant dollars. The most recent of these audits on the American Samoa (released on May 27, 2007) showed considerable misuse of funds and a lack of performance measures or priority setting that would lead to actual disaster preparedness.²
- **Serious issues revealed in assessment of homeland security grant programs:** Recent assessments of the State Homeland Security Grant Program and the Urban Areas Security Initiative (two Homeland Security grant programs included in S.4) conducted by the Office of Management and Budget (OMB) were both scored as follows: “**Not Performing – Results Not Demonstrated.**”

¹ GAO report, “Homeland Security: Management of First Responder Grant Programs and Efforts to Improve Accountability Continue to Evolve,” April 12, 2005

² “Audit Proves Homeland Security Grant Dollars Need Scrutiny: Just How Prepared Are We?,”

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=2747b94f-802a-23ad-4aaf-60aae1731e45

Selections from the Program Assessment Rating Tool (PART) follow (emphasis added):

Urban Area Security Initiative Grants Program Assessment³

Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? NO.

Explanation: G&T [grants and training office of DHS] does collect [some] grantees project-level data on an annual basis, but due to limitations in reporting and analysis, most information is not made available to the public.

While there are reasonable security concerns for many details regarding UASI projects, the lack of information on regional planning, training, exercise, and equipment projects complicates oversight and accountability. Those not directly involved in the UASI program process have little means of determining whether the nation's urban areas are using funds effectively to enhance their regional homeland security capabilities.

Does the program use strong financial management practices? NO.

Explanation: The DHS Inspector General has identified material weaknesses in DHS' office of State and Local Government Coordination grants management, and DOJ's Inspector General has consistently identified grants management as one of the Department's most significant management challenges...the Grants and Training office lacks a consistent means of tracking or validating financial compliance. Financial information is not consistently accurate, and often varies from program and performance data. These have complicated efforts to develop accurate estimates of program expenditures and outlays.

Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? NO.

Explanation: Long-term and annual goals are newly refined, and FY 2006 will be the first year they are reported as performance measures. Consequently, no past budget request was explicitly tied to their accomplishment.

Are Federal managers and program partners held accountable for cost, schedule and performance results? NO.

Explanation: ...the program does not have a clear process for holding grantees accountable when program cost, schedule, and performance fall short of objectives. The office of grants and training can withhold funding if grantees and sub-grantees are delinquent in reporting requirements or use funds improperly, but there is no evidence that the G&T program has taken any corrective action against any grantee.

State Homeland Security Grants Assessment⁴

The programs have lacked performance measures that measure specific preparedness capabilities or aggregate state-level preparedness.

The lack of consistent assessments for state and local homeland security capabilities has significantly hampered efforts to set priorities, target grant funding, and evaluate results.

³ OMB, The Program Assessment Rating of the Urban Area Security Initiative Grants Program Assessment, <http://www.whitehouse.gov/omb/expectmore/detail/10003626.2006.html>

⁴ OMB, The Program Assessment Rating of the State Homeland Security Grants Assessment, <http://www.whitehouse.gov/omb/expectmore/summary/10002390.2004.html>, <http://www.whitehouse.gov/omb/expectmore/detail/10002390.2004.html>

Is the program design free of major flaws that would limit the program's effectiveness or efficiency? NO.

Explanation: The State Homeland Security Grant program is confined in its ability to respond to changes in the threat environment by a minimum level of grant funding that must be given to each state, which was set in the PATRIOT Act. The Department's goal is to help support a minimum level of preparedness for all states, but it would prefer to have the flexibility to decide what that level should be.

- **When a state gets an overflow of money, it is often wasted or loosely tracked, as these examples highlight.**⁵

Maryland used \$17,234 in federal homeland security grant money to pay for a large animal evacuation drill in 2004 where it flew in out-of-state veterinarians, paid for meals and lodging, and provided an honorarium for a horse and a llama.

Many states are struggling to manage the millions of dollars in federal homeland security grants. As a result, you see localities stretching the definition of homeland security.

The Baltimore Sun reviewed 10,000 pages of state homeland security documents and uncovered the llama round up exercise.

“For three days in Howard County last year, 29 veterinarians from Maryland and around the nation honed their homeland-security skills by practicing the rescue of a tame llama named Dexter and his sidekick, Karma, a Tennessee walking horse.

“Clad in matching blue coveralls and hardhats, vets from as far away as Minnesota and Missouri surrounded Dexter and hooked him to a harness hitched to a backhoe, then pretended to save the docile beast by gently hoisting him off a manicured lawn in Lisbon. Then, they ministered to Karma, who had stretched out on command in the nearby woods as if his leg were broken.”

The Baltimore Sun also found that the Maryland Emergency Management Agency was so overwhelmed by the volume of purchases that they stopped keeping itemized spreadsheets of the state's spending and purchases.

- **More: Spending sprees to get rid of Federal preparedness grant money?**

May 23, 2007: Dallas Bay Fire Department changes name to get boat it says it doesn't need.⁶

May 6, 2007: Federal money burning holes in Delaware pockets.⁷

September 21, 2006: Homeland security grants by Skagit County, WA: County sues after selling \$8,000 copier for \$250.⁸

September 14, 2006: Connecticut towns told to spend federal funds or else.⁹

⁵“Chasing security with dollars: Overflowing with Department of Homeland Security anti-terrorism money, and with broad authority to spend, the state has had trouble managing the cash,” by Greg Barrett, *Baltimore Sun*, May 29, 2005

⁶“Is this a federal job?” editorial, *Chattanooga Times Free Press* (Tennessee), May 23, 2007
http://coburn.senate.gov/ffm/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=793cde36-802a-23ad-4e7a-89dbc921890f&Issue_id=

⁷“Federal money burning holes in Delaware pockets,” by Mike Chalmers and Lee Williams, *The News Journal*, May 6, 2007,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=7c9a38d8-802a-23ad-42d8-c0d040477c23

⁸“County sues after selling \$8,000 copier for \$250,” by Jane McCarthy, *King 5 News*, September 18, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=d1e5ba89-802a-23ad-4b29-2f40027abf55

⁹“Connecticut Towns Urged to Spend Federal Funds or Else,” by Dave Altimari and Tracy Gordon Fox, *Hartford Courant*, September 14, 2006,

August 1, 2006: Homeland security funds used to advertise fish fries in Indiana¹⁰

April 21, 2006: Homeland security grants spent on clowns and gyms¹¹

May 29, 2005: Federal homeland security grant money to pay for a large animal evacuation drill.¹²

- **More: Fraudulent and wasteful spending of DHS preparedness grants, FEMA public assistance money—and taxpayers' dollars.**

December 25, 2006: Katrina fraud costs could top \$2 billion – GAO says its initial estimate of \$1 billion in waste was ‘likely understated.’¹³

October 8, 2006: Investigation shows FEMA spent millions on puppet shows, bingo, yoga.¹⁴

July 19, 2006: Homeland Security Department accused of credit card misuse.¹⁵

July 12, 2006: U.S. terror targets - petting zoo and flea market?¹⁶

June 27, 2006: Government officials accept bribes in the wake of hurricane Katrina¹⁷

June 14, 2006: FEMA funds spent on divorce, sex change.¹⁸

September 18, 2005: Disaster assistance – a tax-payer funded money pit?¹⁹

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=acc81edb-802a-23ad-4ab6-9a2b63af0198

¹⁰ “Warning! Fish fry ahead!,” Editorial, *South Bend Tribune*, July 30, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=cb276426-802a-23ad-43f6-fa162aeac72f

¹¹ “Homeland Security Grants Spent on Clowns and Gyms,” by Audrey Hudson, *The Washington Times*, April 21, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=bcfe8401-802a-23ad-4d5b-b1d117218513

¹² “Chasing security with dollars: Overflowing with Department of Homeland Security anti-terrorism money, and with broad authority to spend, the state has had trouble managing the cash,” by Greg Barrett, *Baltimore Sun*, May 29, 2005

¹² “Is this a federal job?” editorial, *Chattanooga Times Free Press*, May 23, 2007

http://coburn.senate.gov/ffm/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=793cde36-802a-23ad-4e7a-89dbc921890f&Issue_id=

¹³ “Katrina fraud costs could top \$2 billion: GAO says its initial estimate of \$1 billion in waste was ‘likely understated,’” *Associated Press*, December 25, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=e454a600-802a-23ad-4447-ffa7cd0296ec

¹⁴ “Investigation shows FEMA spent millions on puppet shows, bingo, yoga,” Sun-Sentinel Investigation, *South Florida Sun-Sentinel*, October 8, 2006

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.Home&ContentRecord_id=32edf337-802a-23ad-4172-e10387506536

¹⁵ “Homeland Security Department Is Accused of Credit Card Misuse,” by Eric Lipton, *New York Times*, July 19, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=876942d3-802a-23ad-47b6-52f6b3a0b8bf

¹⁶ “Come One, Come All, Join the Terror Target List,” by Eric Lipton, *New York Times*, July 12, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=635d52d5-802a-23ad-49cd-14809ccabd0e

¹⁷ “‘Breathtaking’ Waste and Fraud in Hurricane Aid,” by Eric Lipton, *New York Times*, June 27, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=YourTaxDollarsAtWork.View&ContentRecord_id=16186bf2-802a-23ad-4a0a-1e7503bc6b2d

¹⁸ “Hurricanes Katrina and Rita Disaster Relief: Improper and Potentially Fraudulent Individual Assistance Payments Estimated to Be Between \$600 Million and \$1.4 Billion,” Gregory Kutz and John Ryan, testimony before the Subcommittee on Investigations, Committee on Homeland Security, House of Representatives, June 14, 2006,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=OversightAction.View&ContentRecord_id=f35d2ca4-802a-23ad-4655-8e31147ca42d

¹⁹ “Disaster assistance tangled up with politics - at a cost to taxpayers,” by Megan O’Matz, Sally Kestin, John Maines and Jon Burstein, *South Florida Sun-Sentinel*, September 18, 2005,

http://coburn.senate.gov/ffm/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=88abaa9c-802a-23ad-4459-fe3fc96bc368